India going abroad and then coming back in the form of NRI investment so that we can prevent laundering of black money

SHRI B K GADHVI: Perhaps the hon. Member might be aware that it is precisely because of the demand by the NRIs that we will not find out from what source they are getting money and which they are investing in India. But we know that siphoning off money out of India and then getting it back through the NRI mechanism would not be possible. The Reserve Bank is scrutinising every proposal.

SHRI MURASOLI MARAN: But I mentioned about a particular company which is

SHRI B. K. GADHVI: About that if you write me a letter. I will get it examined.

MR. CHAIRMAN: Kindly write to him and he will do the needful.

DR. G VIJAYA MOHAN REDDY: First and foremost I want the hon. Minister to clarify what control we have got over the NRIs. The NRIs, in collaboration with certain multinationals, can enter the industrial field of India in the name of sick units. In the public sector, more than 50 per cent have been declared as sick units. May I know from the hon. Minister whether he will take action to see that in the name of NRIs, certain multi-nationals do not enter this particular field of public sector which is more or less the sheet anchor for our industrial development?

SHRI B. K GADHVI: Sir, I gave figures some time back The hon. Member would know that so far as investment by way of portfolio investment is concerned, it is a very small quantity and that the Reserve Bank has to give approval. So there is no apprehension of the NRIs getting control over the public sector or of multi-nationals coming in. For the benefit of the hon. Member I repeat that so far as the portfolio investment is concerned, it is very limited investment that we are allowing and, therefore, this apprehension is misconceived.

MR. CHAIRMAN: Next question; 342.

Counter-Trade Agreement with Bofors

342 SHRI DIPEN GHOSH:†
SHRI SUKOMAL SEN:

Will the Minister of COMMERCE be pleased to state:

(a) whether any counter-trade agreement with Bofors signed at the time of 155 MM gun deal to recover 50 per cent of the cost, is going on as per the agreed formula;

(b) if so, how much export under the agreement has been done so far; and

(c) how much export is scheduled for the remaining part of this year, in details;

THE MINISTER OF STATE OF THE MINISTRY OF TEXTILES AND THE MINISTER OF STATE IN THE MINISTRY OF WATER RESOURCES (SHRI RAM NIWAS MIRDHA): (a) to (c) A statement is laid on the Table of the House.

Statement

A contract was signed by Ministry of Defence with M/s A B Bofor in March 1986 for import of 155 millimetre guns and a licence agreement was also concluded for indigenous production of the above system. The contract contained a clause for counter purchase of items manufactured under the licence agreement by M/s Bofors and for purchase of other commodities from India by this firm along with other appropriate agencies. Total exports from India under this

†The question was actually asked on the floor of the House by Shri Dipen Ghosh.

clause were to be not less than 50 per cent of the value of the contract over a period of 10 years

In pursuance of the above provision in the contract, a Memorandum of Understanding (MOU) was signed on March 30, 1987 between State Trading Corporation of India (STC) and M/s. Bofors providing for export of a wide range of commodities from India including food stuffs, beverages, ores, metals and minerals, chemicals and pharmaceuticals, manufacturred good including non-electrical and electrical machinery, transport, equipment other finished goods, mineral fuels and commodities such as soyabean extractions, groundnut extractions, cotton linters etc. In terms of this MOU, contracts for Rs. 14.46 crores of exports of Indian goods have been concluded and exports worth Rs. 4.06 crores have been made till 31-10-1987. The items which may be exported during this year include chemicals and pharmaceuticals, yarn, tobacco etc. Total exports during 1987 are estimated at Rs. 20 crores and may attain a level of Rs. 50 crores in the next year.

SHRI DIPEN GHOSH: Sir, yet another mystery surrounds the relationship between the Central Government of India and the Bofors which has already earned notoriety in the meantime, in connection with this so-called counter-trade agreement with Bofors. Sir, Mr. Sudhir Mulji, Chairman of the State Trading Corporation of India, who negotiated and settled this agreement suddenly disappeared from India and later surfaced in London and reported ill. When he surfaced in London, he was seen with a British passport. It is really a mysterious thing that the Chairman of the State Trading Corportaion of India who negotiated and settled this agreement, should have disappeared from the country, surfaced in a foreign country with a foreign passport and he is no more with the STC now—after signing that agreement about which the Minister has laid a statement on the Table. So my first supplementary is whether it is a fact that after signing this Counter Trade Agreement with Bofors Shri Sudhir Mulji, Chairman of the State Trading Corporation, has defected to the UK in order to avoid a raging controversy over this deal with Bofors, and, if so, what steps the Central Government has since taken or has proposed to take and what information the Government has in connection with the defection of Shri Sudhir Mulji.

SHRI RAM NIWAS MIRDHA There is nothing like defection of Sudhir Mulji Sudhir Mulji was Chairman of the State Trading Corporation and he went on leave on medical grounds. He was treated in the Jaslok Hospital initially and then he went to London for medical treatment. He has been informing us about his health problems and because of the health problems he resigned from the chairmanship of STC. He does not have a British passport. A similar question was asked in the Rajya Sabha and it was categorically stated that he does not have a British passport. So the question of Sudhir Mulji disappearing from here and surfacing in London and all that is absurd. He is not a British passport-holder. He has not disappeared, as the honourable Member puts it. He was treated in Jaslok Hospital and in London for his medical problems and he resigned as a result thereof.

SHRI NIRMAL CHATTERJEE: How is he now?

SHRI DIPEN GHOSH. That is the whole trouble That is why while raising that supplementary I stated that yet another mystery surrounds this deal with Bofors Win Chaddha has gone sick in America and Sudhir Mulji has gone sick in UK and everytime these medical grounds become an alibi for disappearing from the scene. However, that is a different question. As regards the arms deal with Bofors, the fact that the pay-off occurred into a numbered Swiss Bank

no longer disputed. Only the identities of the recepients are to be found out. In this connection my specific question is this. My information is that the negotiations in connection with this Counter Trade Agreement had taken place in London, neither in India nor in Sweden, neither in Delhi nor in Stockholm, and senior officials of the State Trading Corporation had flown to London to initiate and settle the agreement. Naturally, as in the case of the arms deal, the fact about the exchange of pay-offs into foreign banks has been admitted, afterwards of course, by the Government in this case. Sir. I want to know whether there was any commission agent in respect of each and every article covered by this Memorandum of understanding and if so, who are those commission agents and what were the terms of appointment or the agreement of appointment of such commission agents.

SHRI RAM NIWAS MIRDHA: Sir, there is no question of having any commission agents under this Memorandum of Understanding. This shows one of the items mentioned in the contract for the sale of guns that 50 per cent of it would be counter-trade. Counter-trade is a well accepted policy of the Government for promotion of exports from our country, and we are importing a lot of things from all over the world, and we want to use this bargaining position to promote our exports. And it was with that end in view that a mention was made in the original contract for the supply of manufactured guns that 50 per cent of it which means about Rs 800 crores—would be by way of counter-trade. For the Memorandum of Understanding, we designated the STC on our side to handle it from the Indian Government side. And the Memorandum of Understanding which the hon. Member mentions is just a very procedudal one. It does include items, it does not include many other things the Member suspects, the agents, etc. It is as to how this counter-trade would be processed, how they will review it from time to time, what sort of procedural aspects would be involved in this. And, therefore, this Memorandum of Understanding is not for specific items. The specific items. are now being negotiated. As I said in my original answer, we have already entered into some deals with them and more are in the pipeline. So, this Memorandum of Understanding does not contain specific items or sources of supply or any individual agents or otherwise.

SHRI DIPEN GHOSH: I wanted to know whether it took place in London, whether the negotiations took place in London.

SHRI RAM NIWAS MIRDHA: Sir, the MOU was signed in Delhi in March, 1987.

SHRI SUKOMAL SEN: Sir, what ever the hon. Minister says, it is another mystry. Sir, before putting the main question, I would like to know whether it is a fact that all the files in connection with this counter-trade in the STC's office were taken away by the Finance Ministry and actually what the files contained and why the Finance Ministry had taken over them Sir, now I come to my main question. Sir, this trade or counter-trade is to cover 50 per cent of the total value of the Bofors deal. I think, it will come to around Rs. 600 crores.

SHRI NIRMAL CHATTERJEE: It is 750 million dollars. It will mean Rs 900 crores. Along with dollar, rupee value is also declining

SHRI SUKOMAL SEN Sir, it is 750 million dollars. But the statement says that in this year the agreement has been made for an amount of Rs. 14 46 crores. Out of these Rs. 14 46 crores, only Rs. 4 06 crores have been covered till 31-10-1987. If this is the rate of our export to Sweden through Bofors that up to 31-10-1987 it was only Rs. 4.06 crores—they say that it will be Rs. 20 crores this year and Rs 50 crores next year how can we cover 750 million dollars within

ten years? Then, Sir, what is the price of these items? These items, as we have noted in this statement, are common items, common exportable items and not special items for counter-trade. What are the prices of these items? Are they international parity prices or is it under-quoted so as to pay commissions to the commission agents?. So, these things have to be cleared. Otherwise, the mystery that surrounds the Bofors deals will be more mysterious unless these issues are cleared by the hon. Minister.

SHRI NIRMAL CHATTERJEE: Sir, these questions forget that the 21st century is coming soon.

SHRI RAM NIWAS MIRDHA: Sir, there is no mystry whatsover in this matter. It is a very straight-forward counter-trade deal which we have been doing in the country of late on many occasions. If you want, we can give a number of instances where counter-trade has come along. And this portion of the Bofors deal, as I said earlier, is very suitable for promoting our exports. It is a very good provision which has been inserted and we mean that we should promote this. Now, the hon. Member's question is a very valid one. We have struck a deal for only Rs. 14 crores, Rs. 20 crores this year and Rs. 50 crores next year. How then do we propose to cover the whole amount in the next 10 years, which is the pendency of the contract? Sir, we have only just started. It is only a few months back that the whole thing started moving. We had one meeting with them. We have asked them to draw a list. We are ourselves drawing up a list of the items. The trade as at present with Sweden is just Rs 50 crores which is not much. So, we will have to draw up a list of items, the Sweden, the Bofors will have to search for suppliers in our country. We are assisting them in that respect and we will be in touch with them. And we want that list to be increased. And the list which has been mentioned here in my answer contains items which we are not at present largely exporting to Sweden. We have taken care of the fact that we export items which they are not buying from us now. So the point mentioned by the hon. Member is very well taken and we are conscious of the fact that we should export things which they are not taking from us at present For example, ores and minerals. They are themselves very fine producers of iron ore and things like that Sweden is a well known exporter of iron products and things like this. But in regard to chrome ore, etc. we are negotiating with them. So also in regard to chemicals and pharmaceuticals they have never taken from us. But that is one of the items which is included. So, we are conscious of these things and we are trying to see that we export to them as much as possible those things which we are not exporting at present.

SHRI SUKOMAL SEN: What about the files which have been taken away from the STC? (*Interruptions*). Sir, my first question was whether it is a fact that the Finance Ministry people had taken away files from the STC office?

SHRI RAM NIWAS MIRDHA: I am not aware of that.

SHRI PARVATHANENI UPENDRA: Sir, this is a double kick-back deal, this counter-trade also. Sir, there is a report that the Bofors, which is a notorious company, has circulated a letter among all the companies which are already importing goods from India, various goods, that all those transactions must be credited to the Bofors and that in return the Bofors will pay them 4 per cent commission and that will be the deal. That means that no more new commodities will be imported by Sweden or any company. And the companies which are already importing from India they will show those things in the name of the Bofors and credit them in the name of the Bofors, and in return get 4 per cent commission That is the re-

port. Will the Minister confirm it whether he has also got a similar report? Part (b) of the question is that the Minister's statement says that so far Rs. 1446 crores of exports have been transacted. And the Bofors original deal is supposed to be worth Rs 1600 crores, arms deal, and with technology import and with spare parts components etc. the estimate comes to Rs. 3000 crores and it means that Rs. 1500 crores worth of goods have to be exported from this country. And only Rs. 1446 crores have been contracted, say during the last 9 months. And at this rate how long it will take, how much money has already been paid to the Bofors against the arms contract and if you pay the entire amount and tomorrow true to the notoriety of that company, if they do not import goods from this country, what is the safeguard in the Memorandum of Understanding, how much you have already paid to the Bofors against the arms deal, and how much has been exported by now?

SHRI RAM NIWAS MIRDHA: Sir, as regards our exports to the Bofors I have myself given the figure of Rs. 14 crores and I have also answered the question that the amount is less and we are trying to negotiate with them that they should buy enough so that their part of the contract, which means equal to the half of the original gun deal is paid by them. But as I said this is started just a few months back. They are having a survey of the Indian situation here. They are identifying the suppliers for them. They are identifying foreign markets in third countries also and we are in touch with them. If they cannot import themselves they can send these things to other countries which they have done even in these Rs 14 crores. We are very much conscious of the fact that they have to buy substantially from us more than what they have done this year. We will take it up with them when we meet them next at the time of the review meeting. There is a provision in the agreement for a quarterly review of the whole situation When they come here in January for discussions, for a review of the agreement, we will take up this point with them and we will see that the phasing of exports is such that we export substantially every year so that the contract is basically honoured in spirit as well as in letter.

In regard to his first question, about the Press report wherein it has been mentioned that they have sent a letter, we have seen this report and will take up this matter again with the Bofors when they come here for the review meeting.

SHRI PARVATHANENI UPENDRA: Sir, my specific question was, what was the total amount involved in the arms deal and how much had been paid to the company against which these exports have been contracted.

SHRI RAM NIWAS MIRDHA: I think the figure involved is Rs. 1600 crores or thereabout.

SHRI NIRMAL CHATTERJEE: What will you look into? *(Interruptions)* Part of the contract is that the Bofors will import. Whatever they do within their country, they are perfectly within their right to do so. *(Interruptions)*

SHRI RAM NIWAS MIRDHA: I have said that the figure is Rs 1600 crores I want to see what payments were made to them. But I do not know how much has been paid. The figure is not with me

SHRI PARVATHANENI UPENDRA: How can you say that you do not know how much has been paid to them? Can you deny 20 per cent has been paid so far. *(Interruptions)*

SHRI RAM NIWAS MIRDHA: Sir, I need notice for this In fact, this question should be addressed to the Defence Ministry.

SHRI PARVATHANENI UPENDRA He is misleading the House You have paid 20 per cent so far Is it not correct? You tell us. *(Interruptions)*

SHRI RAM NIWAS MIRDHA: The Commerce Ministry is not concerned with this. You should ask this question to the Defence Ministry how much has been paid. This question concerns only counter-trade.

SHRI PARVATHANENI UPENDRA: This is highly objectionable. The Minister concerned, the Commerce Minister, is ignoring his responsibility towards Parliament and goes on electioneering. His Deputy is not present here. The Minister who is replying has come without preparation. We cannot tolerate this kind of misleading of the House. They cannot take this House for a ride. You should protect us. (*Interruptions*) Where is the Commerce Minister? Where is his Deputy, Mr. Priya Ranjan Das Munshi? Where has the Commerce Minister gone when the House is in Session? He goes for Zilla Parishad elections. Is it the way to treat the House? He goes to Andhra Pradesh for Zilla Parishad elections. Is Parliament important or elections?

श्री अटल बिहारी वाजपेयी: मंत्री को यहां रहना चाहिये। अध्यक्ष महोदय वाणिज्य मंत्रालय में दो मन्त्री है दोनो मे से एक भी यहां नहीं है। (व्यवधान)

MR. CHAIRMAN: He has taken my permission. The rules permit one Minister to answer on behalf of another. (*Interruptions*) Nothing more is permitted . Shri Jagesh Desai now.

SHRI JAGESH DESAI: Mr. Chairman, Sir counter-trade is a very very sound economic policy and it is in the interest of the country. By this deal, about Rs. 1750 crores of foreign exchange will be earned! As I see it, many of these items are non-conventional items which we do not normally export I would like to know from the hon. Minister whether the price which have been contracted or are to be contracted are in the interest of the manufacturers so that they get a better price The price should be such that our country is benefited. Will the Government take that into account at the time of initiating the price?

SHRI RAM NIWAS MIRDHA: As I have said, counter-trade is a well accepted policy. We have been operating counter-trade. STC has the knowledege and expertise on this and it is not that this is the first time that they are handling on this. What price they get and what other terms should be there, they would certainly be gone into. That is exactly the function of the people who are handling this.

SHRI A. G. KULKARNI: Sir, the substantive part of the question is whether such type of counter-trade and umbrella contract is made with East European countries, particularly the rupee-currency countries, as we call, the USSR, Romania Czechoslovakia etc.; whether such type of counter-trade contract does not indicate, while entering into the contract, the rates of various items which come under that contract In this connection, I would like to say that this type of contract is really in the interest of the country because we are getting some of the currency back.

SHRI DIPEN GHOSH: How much?

SHRI A. G. KULKARNI: He has already told you, Mr. Dipen We have got counter-trade with Russia, all your other allies, and other Communist countries. Don't worry about that?

SHRI V. GOPALSAMY: Who is your ally?

SHRI A. G. KULKARNI: Mr. Gopalsamy, you feel that either I am sick or I have paralysis I have got nothing, I am healthy, my brain is quite right, don't worry about that. I have got my own conscience and for satisfaction of my own conscience I work in this Parliament. I am a member of this party. Sir, Bofors has become a red rag to many of my friends on that side. The contract is in the interest of this country. They are publishing interviews. My friend was giving an interview in

'Sunday Mail' and 'Sunday Observer'. Your Russian countries, your allies, make counter-trade agreement.

SHRI DIPEN GHOSH: What is he saying, 'your Russian country'?

SHRI A. G. KULKARNI: Mr. Dipen Ghosh, you are taking lessons from me, don't teach me .... (*Interruptions*) what question I should ask.

SHRI RAOOF VALIULLAH: You cannot attribute motives. Has he gone* This is not a true parliamentary practice. This is not fair.

SHRI A. G. KULKARNI: Whether the word* is parliamentary or not my friend can say, that to me because I am like a father to him.

SHRI RAOOF VALIULLAH: They are * .

SHRI A G. KULKARNI: The younger son calling his father* is not much because in Communist parlance there is no culture and so I do not expect anything better.

In this connection, I want to say that Russia gets commission, Romania gets commission, they have got their own commission agents, and what is wrong in Sweden getting commission from any trade that they are doing with us? I want to say that this contract is nothing new, it is not like a bolt from the blue. It is the same usual pattern of counter-trade business. So, I would like the Government to tell my friends not to get agitated. Bofors should not be a red rag for them. If you want Bofors...

SHRI PARVATHANENI UPENDRA: What is this? Is he putting a supplementary?

SHRI A. G KULKARNI: For Mr. Upendra Corporation election in Vijaywada is more important than the question on Bofors here. He is more troubled with what is happening there.

MR. CHAIRMAN: We are not discussing elections.

SHRI PARVATHANENI UPENDRA: How can you allow such* to be talked in this House? (*Intrruptions*). He is a* man.

SHRI A. G. KULKARNI: My question is whether the Minister will agree that such type of contracts are being signed with other countries also apart from Sweden.

SHRI RAM AWADHESH SINGH. Sir, how can you allow a Member to make a speech? You should allow us to make speeches.

श्री सभापति मैं दोनों को परमिट कर रहा हूं आप क्या बात करते है ?

Why are you wasting time?

SHRI A. G. KULKARNI: Sir, what is the reply?

श्री सभापति : जवाब सुनने दीजिए आपका नम्बर भी आएगा ।

SHRI A. G. KULKARNI: Let us hear the reply, Sir.

SHRI RAM NIWAS MIRDHA: We have arrangements with some rupee payment countries, as we call them. The trade is covered by a Trade Plan which we have with them. The idea is that the imports and exports balance themselves. That is the patern we have so far as rupee payment countries are concerned.

As regards this contract, and other contract agreements that we are doing, they are in areas other than the rupee payment countries also. Just to give you an example, we import a lot of edible oil from Malaysia. Taking advantage of this fact we negotiated with them and they entered into a contract for Rs 20 crore for building two steel bridges Again we have another contract of the same nature, using our clout for substantial imports of edible oils. So we are trying to diversify It is not only with rupee payment countries; we are doing it with a lot of other countries against foreign exchange.

SHRI JASWANT SINGH: Mr. Chairman, Sir, I would first of all like to share a prayer with my esteemed colleague, hon. Shri Ram Niwas Mirdha. He is just an honourable man, a fellow Rajasthani. I am apprehensive because he has come within the beaten zone, the dispersal zone of Bofors and I hope he will survive and survive unscathed. That is my sincere hope

There are one or two intriguing aspects. Firstly, I would caution the hon. Minister of State not to attempt to sell us the thesis that counter-trade with corrupt armament manufacturers is like motherhood automatically good. That is an unconvincing thesis.

There is another intriguing aspect of this whole affair: just why should an armament manufacturer wish to buy from us items like cashew, cotton, tobacco, yarn? Is it to use these items for munition? Is it to use them as winding up costs, as kick-backs, as bribes or whatever? Nevertheless this is an aspect which worries us a great deal, because you certainly trade but why choose to trade with corrupt armament manufacturers?

MR. CHAIRMAN: You want to find out what the purpose of purchasing these items is.

SHRI JASWANT SINGH: No, Sir, I have three specific clarifications to seek. Is it correct that actually this contract for a measly four crores, or whatever, was actually signed.. (*Interruptions*) No, four crores is what has been achieved. The contracts are for a different amount; it is roughly 14 crores.

श्री सभापति : आप जल्दी सवाल पर आ जाइये वरना बहुत से लोग रह जायेंगे ।

श्री जसवंत सिंह : कुलकर्णी साहब के लिए आपने जल्दी नहीं की इसलिए मैं धीरे-धीरे चल रहा था । अब आप जल्दी के लिए कह रहे है तो मैं जल्दी करूंगा ।

SHRI A. G. KULKARNI: I did not take much time I was interrupted

SHRI JASWANT SINGH: It is correct that the actual contract for these measly four crores or fourteen crores, or whatever it is were actually signed when the controversy about corruption relating to Bofors was at its height? What was the exact date of the signing of these contracts?

(b) Is there a penal provision for the cancellation of these contracts?

(c) What are you going to do in case it gets established that there is proxy trade, there is transference of contracts by Bofors?

SHRI RAM NIWAS MIRDHA: Sir, our trade with Sweden, as I said, is only Rs. 55 59 crores. You have to know the background to get a full answers. We are importing as much as Rs. 353.26 crores worth from them. We have always had a very serious, adverse, balance of trade with them and, therefore, it was with this end in view that this proposal for counter-trade for this gun deal was initiated. I myself have admitted that to start with, we have a full contract for Rs. 14 crores out of which Rs. 4-odd crores has already been shifted. We have a firm contract for Rs 14 crores. This year we hope to reach Rs 20 crores—I am not trying to hide anything from the House—and Rs 50 crores next year. We propose that this figure should be substantially augmented for increased exports from our country, whether to Sweden or to third countries. Third countries are also involved in this because, their commitment is that they will buy it or, if they cannot afford all this, they will sell it to third countries--which is also permissible because it is as much an export advantage for us as a direct export to Sweden. So this is a very straight deal, a commercial deal of the type we have been doing all along in a large number of cases—the STC and MMTC have been handling these things—and it is being done just in that respect

As regards the penal clause, the penal clause ultimately is, in the original contract.. ..

SHRI JASWANT SINGH: I beg your permission Sir I am not referring here to the original contract because, had I asked about the original contract, the Minister would have said, "Go to the Ministry of Defence."

MR. CHAIRMAN: You want to know about the Commerce Ministry's original contract.

SHRI JASWANT SINGH: I am talking of the contract entered into by the STC. What are the penal clauses? He says, we are going back to the original contract. What are the penal provisions within this? (*Interruptions*)....

SHRI RAM NIWAS MIRDHA: In the memorandum of understanding signed between Bofors and the STC, there is a clause of disputes, on how disputes should be settled as we go along and in that there is a mention. .

SHRI JASWANT SINGH: Honourable Minister, my point is, should Bofors enter into this contract of Rs. 14 crores, and, having entered it, should tomorrow they cancel it, what is the penal provision with the Government of India? (*Interruptions*) .

SHRI DIPEN GHOSH. If Bofors don't pay? ...(*Interruptions*). ..

SHRI K. MOHANAN: What is the guarantee?

SHRI RAM NIWAS MIRDHA. I am exactly on that. In the memorandum of understanding there is a clause on disputes, disputes of the nature which the honourable Member has mentioned: If they are not buying enough, what should we do? In that clause there is a reference to the original contract, that it will be governed by the provisions of the original contract, regarding arbitration, etc. etc. There is a whole procedure laid down under that and, therefore, any disputes arising out of the memorandum of understanding would be governed by the disputes clause, the arbitration clause and other similar clauses in the original contract.

SHRI PARVATHANENI UPENDRA: Let it be placed on the Table of the House.

SHRI M S. GURUPADASWAMY: Mr. Chairman, Sir, this Bofors issue is not a red rag to the Opposition at all—let me tell my friend here. It is like a live thriller and ultimately it may prove to be a killer of this Government. Be careful about that !

SHRI DIPEN GHOSH: Already Bofors is linked with the assassination of Olof Palme.

SHRI M S GURUPADASWAMY: There are two or three things which I want to ask of the honourable Minister. Firstly, he said it was a part of the original agreement with Bofors I want to know whether it was a hidden clause signed as a part of this agreement. Secondly, later on there is a memorandum signed between the STC and Bofors for counter-trade in pursuance of this hidden clause. If that is so, I want to know whether it is a fact that all the files connected with Bofors have been taken away by the Ministry of Commerce from the STC. If so, why? What is the reason for shifting all these files from the STC offices to the offices of the Commerce Ministry? What are the things contained in these files? Why was it done so? Thirdly, Sir, I agree that trade and counter-trade are allowed, it is normal. But this counter-trade covers the kickbacks. Sir, this counter-trade is a package. The trade and the counter-trade, both, in this, is a package. It is a package deal to cover up kickbacks. This is my charge.

SHRI P. N. SUKUL: How?

SHRI M. S. GURUPADASWAMY: Till recently it was not given to the Houses of Parliament at all. It was not revealed till we asked.

SHRI P. N. SUKL: How can you prove it? (*Interruptions*)

SHRI M. S. GURUPADASWAMY: Please give all the files to us. We will prove it. We are going to prove it. There is more than meets the eye. (*Interruptions*)

Thirdly, lastly, Sir, may I ask the Minister whether...

SHRI SUKHDEV PRASAD: Is he asking questions?

SHRI M. S. GURUPADASWAMY: I am asking a series of questions? May I know from the Minister whether it is a fact that there is no compulsory clause attached to this memorandum? Bofors can go back on the counter-trade, and they can go back at any time they want, unilaterally. They need not purchase commodities.

Besides, Sir, lastly, may I ask in what way Bofors was concerned with importing various commodities which are not in their domain and which it never negotiated before? They never imported the other goods. Agricultural commodities and minerals, they never imported This is the first deal. May I know why it was done so?

SHRI RAM NIWAS MIRDHA: Sir, as I said, the Ministry of Defence has entered into a contract with Bofors for supply of guns. It was a part of that agreement that 50 per cent of the value of the contract would be counter-trade. It is as a result of that that the STC was designated as the authority from our side to negotiate with Bofors They entered into a memorandum of understanding on which the whole thing lies.

As regards why Bofors should buy things which they did not need, which they are not importing now, as I said, earlier, there is a provision that either Sweden will import or it will export to third countries. The advantage to us by way of exporting is the same They may not need the commodities, but they would export to third countries. That is why they are trying to explore the world market also so far as our exports are concerned to that extent.

The question of files is all the time being raised by the hon. Members. I can categorically say that no file of the STC concerning this has been called for by the Ministry of Commerce. There is no question of that. The files are where they should be

SHRI ALADI ARUNA *alias* V. ARUNACHALAM : Mr. Chairman, in the statement the hon. Minister has stated that a licence agreement was also concluded for indigenous production of the gun system Under what terms and conditions Bofor has agreed to transfer the technology and know-how? Is there any strict condition in the agreement with Bofors to purchase some percentage of guns and vehicles and other items etc from the indigenous production of the guns?

SHRI RAM NIWAS MIRDHA: Sir, first there was a contract with Bofors for the supply of manufactured guns Along with this, as I said in my answer, there was a contract for indigenous production, licenced production of the type. It is a part of the counter-trade agreement and would include exports under this agreement also. This licence agreement among other clauses also provides that they may buy certain parts that are manufactured here according to the agreed terms and conditions. That part would also be set off against this counter-trade

Secondly, in addition to these if it materialises, we would be exporting a lot of other things in the counter-trade. So, both the things would ultimately count for the counter-trade adjustments.

SHRI DIPEN GHOSH: There are many questions that remain unanswered. There should be a short-duration

discussion on this issue (*Interruptions*-

SHRI PARVATHANENI UPENDRA: We want a full discussion on this issue. We want a short-duration discussion on this issue. (*Interruptions*)

12 Noon

SHRI DIPEN GHOSH: There are many questions that have remained unanswered. They have to be answered (*Interruptions*)

SHRI PARVATHANENI UPENDRA There must be a full-scale discussion on this.

MR. CHAIRMAN: We will have half-an-hour discussion on this.

SHRI PARVATHANENI UPENDRA: No, Sir, we want a full-scale discussion.

MR. CHAIRMAN: Question Hour is over. (*Interruptions*)

SHRI V. GOPALSAMY: Sir, we want a full-scale discusion on Bofors.

SHRI PARVATHANENI UPENDRA: It is too serious a matter which cannot be left undiscussed.

SHRI DIPEN GHOSH: Sir, as the Minister has stated it is a counter-trade and Sweden, though it does not require these items, will be exporting them to third countries. We could also export these items without going through Bofors. So, let there be a discussion on this.

MR. CHAIRMAN: No.

SHRI DIPEN GHOSH: Let there be a short duration discussion on this issue. (*Interruptions*)

MR. CHAIRMAN: I am not permitting you. Nothing will go on record. All right. You make up your mission. (*Interruptions*)*

All right. You make up up your mind. If you don't want it, that is all right. (*Interruptions*)

**Not recorded.

I have said no. I will not yield to unjust demands from anyone, neither from this side nor from that side You asked for half-an-hour discussion. I have agreed, because a number of hon. Members have demanded That is all. After that, if you want anything else, I have said no. You do whatever you like. I will not allow more than that. (*Interruptions*)

You do whatever you like. You are free According to my conscience and according to my oath I gave you half-an-hour discussion because I feel it is justified If you do not want it, what can I do?

श्री अटल बिहारी वाजपेयी : मान्यवर, आपके निर्णय का हम स्वागत करते है, लेकिन जब चर्चा हो तो वाणिज्य मत्री को रहना चाहिए । आप दोनो मत्रियो को एक साथ छुट्टी नही दिया करिए ।

श्री सभापति : देख लेगे । आप बिना छुट्टी मागे चले जाते हो तो क्या हम पूछते है कि कहां गए ?

श्री अटल बिहारी वाजपेयी : हम सरकार के नौकर थोड़े ही है ।

श्री सभापति : आप कहां-कहां जाते हो मैं क्या बताऊं ?

Now, we take up Papers Laid on the Table.

WRITTEN ANSWERS TO QUESTIONS

Visit of World Bank President to India

*343. SHRI MUKHTOAR SINGH MALIK:

SHRIMATI RENUKA CHOWDHURY:

Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank President Mr. Barber B. Conable visited India during the first week of November, 1987;